

712
21 December 1954

10/12

25X1A

DCN WORK SHEET

1. Subject:

Reports on Shipments of South American Copper to Spain.

2. Reference:

25X1A

(Copper Shipments - Hamburg and Spain)

3. Summary:

The reference document reports a shipment of about 2,450 metric tons of slab copper from Chile to COMEIN, Madrid. Madrid D-244, 14 October 1954, in reply to a query about the shipment of 3,000 tons on the LA MANCHA (DCN 284), stated, "because of the strict vigilance exercised by the COMEIN over the distribution of strategic metals, the Embassy has no reason to suspect that any of this copper was re-exported from Spain!"

Bilbao D-22, 2 November 1954, described COMEIN as, "The semi-official Spanish agency responsible for the domestic distribution of strategic minerals and materials". The same despatch mentioned the expected COBETAS shipment, reported in the reference communication.

Spanish requirements for copper metal are estimated by FOA to range from a minimum of 33,000 metric tons to a maximum of 37,000 tons. In 1953 a little over 15,000 tons were produced from domestic sources and 4,617 tons were purchased from abroad, none of which came from Chile. FOA funds were allotted for the purchase of 4,400 tons of foreign copper blister and scrap in 1954, in addition to imports of 4,225 tons from Chile (the 3,000 on the LA MANCHA) and from Germany. The total supply of copper would still fall short of minimum requirements by 8,000 tons. (See Tousfo A-70, 31 March 1954).

According to Bilbao D-22, 2 November 1954, 4,194 metric tons of copper slabs, etc., had arrived or were expected to arrive on the SS MONTE OIZ, the SS EOLO and the SS COBETAS, leaving about 200 tons to be imported under the FOA allotment.

In view of the tight copper supply in Spain and the dependence on American aid, it appears unlikely that diversion of any part of these shipments would be worth the risk.

Nevertheless, there appears to be reason to suspect that some copper is being diverted via Spain. Unfortunately, no details can be furnished at this time.

4. E/ST Suggestions:

- Knoll will supply -*
- That MDAC/Washington check the data on the amount of copper to be acquired by Spain under FOA aid, the extent to which this has been fulfilled and the origin of the copper.
 - If the answers to "1" indicate that the COBETAS shipment does not come under the FOA agreement an inquiry be sent to Madrid requesting further information on its financing, ultimate disposition, etc.
 - If the COBETAS shipment is FOA financed omit inquiry on its disposition. This suggestion is made on the assumption that FOA checks the end-users of the copper bought with FOA funds. Is this the case?
 - Request immediate checks on any additional copper shipments to Spain over the FOA agreement.

5. DCN Action:

Coster: Suspicion appears unwarranted on basis present info + past investigations -

Tilson: Leakage is marginal, if any - More definite info needed before we go to field - Beware of crying wolf - Don't dissipate energy needlessly -